

Message Text

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43

ACTION EUR-25

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3073

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E.O. 11652: N/A

TAGS: ABLD PFOR US UR

SUBJ: SOVIET TAX-EXEMPT BUILDING PURCHASE REQUESTS

REF: A. STATE 211769; B. MOSCOW 12613; C. MOSCOW 14920

1. EMBASSY APPRECIATES OPPORTUNITY POSED BY REF A TO CONSIDER POSSIBILITIES OF RELATING SOVIET REQUESTS FOR FACILITIES IN DC TO REQUESTS FOR ASSISTANCE LODGED WITH SOVIET AUTHORITIES HERE. SOVIET REQUEST FOR LARGER COMMERCIAL OFFICE (STATE 215654) DEALT WITH IN REF C.

2. WE BELIEVE A REASONABLE IF NOT EXACT PARALLEL CAN BE DRAWN IN PRESENT CIRCUMSTANCES WITH OUTSTANDING EMBASSY REQUESTS FOR PROVISION OF HOUSING UNITS AND CHANCERY APARTMENT REMODELING. AN UNDERLYING ASSUMPTION ON OUR PART IS THAT LATEST SOVIET BUILDING PURCHASE REQUESTS IN WASHINGTON REFLECT EXTENSIVE, CONTINUING SOVIET ACQUISITION OF REAL PROPERTY TO HOUSE EXPANDED STAFF AND OFFICES REQUIRED BY INCREASE IN OFFICIAL ACTIVITIES. AS NOTED PARA 5 REF B, WE HAVE BEEN CONCERNED THAT SOVIET DILATORINESS IN MOSCOW ON HOUSING HAS BEEN CONSTRICTING OUR OPERATIONS HERE, WHILE AT SAME TIME THEY HAVE ENJOYED FLEXIBILITY TO EXPAND IN U.S.

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3. AS DEPARTMENT AWARE, WE BEGAN TO PRESS SOVIETS FOR

FIVE NEW HOUSING UNITS IN EARLY 1974. REQUEST TO UPDK WAS PRESENTED IN WRITING ON JANUARY 4, 1974, AND FOLLOWED UP ON NUMEROUS OCCASIONS. IN AUGUST WE RECEIVED TWO APARTMENTS (SMALLER THAN REQUESTED) AND FOR REMAINING THREE HAVE ONLY VAGUE INDICATIONS THEY MAY BE PROVIDED AT END OF YEAR.

4. WITH RESPECT TO SECOND AND SIXTH FLOOR OF CHANCERY BUILDING, AGREEMENT FOR WORK WAS REACHED WITH UPDK IN JUNE 1974 IMMEDIATELY AFTER RECEIPT OF FUNDS (STATE 133965 OF JUNE 21, 1974) WITH INSTRUCTION TO OBLIGATE BEFORE END OF FISCAL YEAR. WE WERE GIVEN TO UNDERSTAND JOB COULD BE DONE ON TWO OR THREE WEEKS NOTICE IN LATE SUMMER. WE PRESENTED IN AUGUST REQUESTS FOR SEPTEMBER START AND AFTER SEVERAL DELAYING REPOLIES, SOVIETS HAVE NOW TAKEN FIRM STAND WORK CANNOT BEGIN BEFORE DECEMBER -(SEE ALSO REF B PARA 1). THIRD COUNTRY LABOR DOES NOT APPEAR VIABLE ALTERNATIVE AT THIS POINT. IN CONVERSATION WITH MATLOCK SEPTEMBER 30, DR. FRANK ADVISED AGAINST USE OF AUSTRIAN LABOR SINCE PROJECT DOES NOT LEND ITSELF TO EXTENSIVE PREFABRICATION NOR DOES IT REQUIRE LABOR WITH HIGH DEGREE OF SKILL, AS WAS CASE WITH COMMERCIAL OFFICE. IN ANY EVENT, FRANK CONSIDERS IT UNLIKELY THAT AUSTRIAN CREW COULD BEGIN WORK BEFORE DECEMBER OR JANUARY, AND ALSO THOUGHT AUSTRIAN FIRMS WOULD BE UNWILLING TO MAKE COMMITMENT TO FIRM CONTRACT PRICE IN ADVANCE, BECAUSE OF UNCERTAINTIES INVOLVED IN REMOVING WALLS IN OLD BUILDING.

5. IN LIGHT OF FOREGOING WE WILL APPRECIATE ANY ACTION DEPARTMENT CAN TAKE ON PENDING SOVIET REQUEST TO GENERAGE PRESSURES FOR TIMELY PROVISION REQUESTED HOUSING AND APARTMENT RENOVATION WORK IN MOSCOW. IF OTHER FACTORS MAKE SUCH A COURSE POSSIBLE, WE WOULD URGE DEPARTMENT TO CONSIDER REFUSING SOVIET REQUESTS TO ACQUIRE MORE PROPERTY UNTIL OUR OUTSTANDING REQUESTS ARE MET HERE (I.E., OFFER OF THREE MORE APARTMENTS AND INITIATION OF WORK ON EMBASSY APARTMENT CONVERSION WITHOUT FURTHER DELAY).

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